

FRAUD, ABUSE, PROVIDER CODING ERROR? Minimizing Impact On Provider Networks Panel Discussion: MMIS 2008

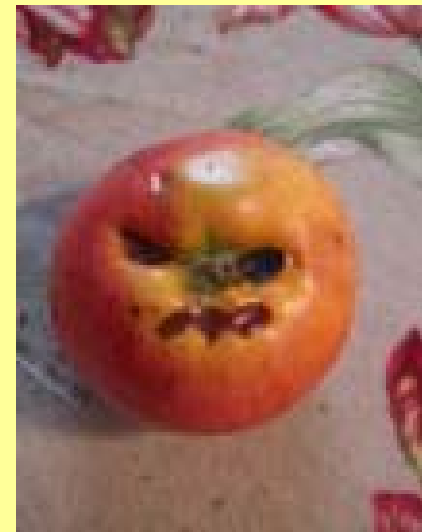


Anthony J. Pelezo, MD
Medical Director
McKesson Health Solutions

MCKESSON

FRAUD, ABUSE, PROVIDER CODING ERROR? Minimizing Impact On Provider Networks

Sometimes finding bad apples is easy.....



FRAUD, ABUSE, PROVIDER CODING ERROR? Minimizing Impact On Provider Networks

**...and sometimes finding bad apples is
very hard**

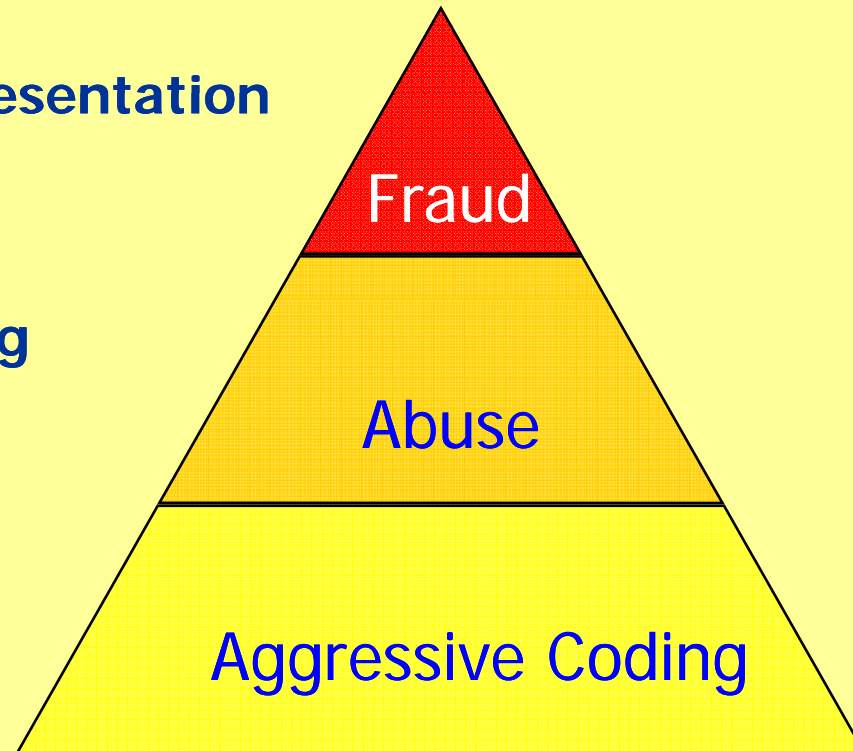


Minimizing Impact On Provider Networks: Understanding the Spectrum of Coding Errors

**Fraud: Intentional misrepresentation
or deception**

**Abuse: Inappropriate billing
patterns**

**Aggressive coding:
Circumventing the system**



Minimizing Impact On Provider Networks: Understanding the Spectrum of Coding Errors

Examples of Fraud

- Billing for services or items not provided
- Billing for work already reimbursed by another insurer
- Altering claim forms

Examples of Abuse

- Excessive charges for services or supplies
- Upcoding/Churning
- Claims for services that are not medically necessary

Examples of Aggressive Coding

- Service unbundling
- Excessive modifier use

Minimizing Impact On Your Provider Network: Understanding the Framework for Detection

Detection of abnormal claim submissions may involve a number of components and variables:

- Edits
- Alerts
- Pattern recognition (existent and emerging)

It is important to understand **HOW the F&A system identifies suspicious behavior**

- Threshold for detection
- Sensitivity versus specificity- changing the odds
- Statistical significance

Minimizing Impact On Your Provider Network: Interpreting and Reviewing Results Effectively

Understanding the Data

- **Abnormal claim patterns alone are not definitive for fraud or abuse**
- **A single claim does not imply fraud or abuse**
- **Understand practice variations**
- **Prioritize findings to maximize results**
- **Determination of fraud and abuse requires manual review**

Minimizing Impact On Your Provider Network: Managing the Message, Minimizing Confrontation

Notifying providers of potential claim investigation can evoke a variety of responses:

- **Denial**
- **Confusion**
- **Fear**
- **Anger**
- **Defiance**
- **Threats (network participation, legal)**

Minimizing Impact On Your Provider Network: Managing the Message, Preserving Relationships

Delivering an effective message to ANY provider does not have to invoke a negative response:

- Standard 'non-accusatory' notification letter or process
- Detection of abnormal billing patterns is normal part of business practices
- Variations in billing patterns exist, may be normal, and do not necessarily indicate fraud or abuse
- Most providers report services correctly
- Identify **WHAT** is being questioned, **WHEN** or over what time frame issue exists, and **WHY** provider was identified as outlier (e.g. more than expected, compared to peer groups)

Minimizing Impact On Your Provider Network: Managing the Message: Transparency

Transparency around business practices is becoming a common theme in the insurance industry.

- **COMMUNICATE** your program to providers (letters, fax blasts, website)
- **DESCRIBE** how the fraud and abuse program works
- **BE PROACTIVE**- Give examples and continuously educate your provider network on coding issues and principles

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Questions?